

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 0 — 0 4

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

4-1-2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.321

7. FEDERAL BUDGET IMPACT:

a. FFY 2000 \$ 11,395 million

b. FFY \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pp. 2 e and 2 f

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

none - new pages

10. SUBJECT OF AMENDMENT:

establishment of rural/urban outpatient hospital pool

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

6-21-2000

16. RETURN TO:

Michigan Department of Community Health
Office of Federal Liaison
Lewis Cass Building - sixth floor
320 South Walnut Street
Lansing, Michigan 48913

ATTN: N. Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

6/27/00

18. DATE APPROVED:

6/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

4-1-00

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

JUN 27 2000

DMIO - M/M/MI

TN No. 00-04 Approval Effective Date 04/01/00
Supersedes
TN No.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: MICHIGAN

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)**

$$\begin{aligned} \text{CC Ratio} &= \text{Hospital's outpatient operating cost-to-charge ratio} \\ \text{Hospital Costs} &= \text{Hospital Charges} \times \text{CC Ratio} \times \text{Inflation Factor} \\ \text{Each Hospital's Distribution} &= \frac{\text{Hospital's Costs}}{\sum \text{Hospital's Costs}} \times \$10,337,750 \\ \text{QHP} &= \text{Qualified Health Plan} \\ \text{SMP} &= \text{State Medical Program} \end{aligned}$$

Hospitals which filed more than a single cost report during the eligibility period for these pools will have their cost report data combined and annualized to allow for only twelve months of combined cost data. Hospitals which have merged will have their distribution payments combined. Payments will be made to the surviving hospital.

Charge data taken from hospital cost reports is subject to review and appeal at the time the cost report is filed. The hospital's outpatient cost to charge ratio is subject to review at rebasing. No further appeal of either the charge data or the outpatient cost to charge ratio, as part of the distribution of funds from these pools, will be allowed.

Aggregate Medicaid reimbursement to Michigan outpatient hospitals (including the special indigent pools) will not be allowed to exceed the federally imposed upper limit for outpatient services provided to Michigan recipients. To account for varying hospital year end dates, this test will be made annually based on hospital fiscal years ending during the State fiscal year (e.g. the test for 2000 will use hospital years ending between October 1, 1997 and September 30, 1998). If the test against the upper limit finds that the upper limit was exceeded, the size of the special indigent pools will be reduced by the amount in excess of the limit. If the upper limit test supports our claim that Medicaid's total payment is less than the Medicare payment would have been for comparable services under comparable circumstances, the amount up to the upper limit may be dispersed to the qualifying hospitals.

A single distribution of funds from the two rural/urban pools will be made prior to September 30, 2000. A table listing eligible hospitals and distributions from each pool is attached as appendix A.

TN No.	00-04	Approval	Effective Date	04/01/00
Supersedes				
TN No.				